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C O N F I D E N T I A L SECTION 01 OF 04 BRASILIA 001341

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SUBJECT: DEMARCHE RESPONSE: MANAGING THE VISIT OF IRANIAN
PRESIDENT AHMADINEJAD TO BRAZIL (S/ES: 200921227)

REF: SECSTATE 118094

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Classified By: Charge d'Affaires, a.i., Lisa Kubiske, reason 1.4(b) and
(d)

¶1. (C) Summary. CDA met separately November 18 with Brazilian Ministry of External Relations (MRE) Under Secretary for Political Affairs II (Asia) Roberto Jaguaribe and Foreign Policy Advisor in the Presidency Marcel Biato to deliver demarche regarding the November 23 visit to Brazil of Iranian President Ahmadinejad (ref A). She also raised the visit with newly appointed Secretary General (Deputy Minister) Antonio Patriota during a previously scheduled courtesy call that day (septel). They indicated that the GOB sees the visit as part of a growing relationship with Iran, based on both commercial interests and a broader desire to engage more actively in the Middle East. They were unanimous in expressing a belief that engagement and dialogue between Iran and the international community are essential. They see sanctions as being of limited value, even while stressing that Brazil would fully comply with international sanctions. They believe Iran should accept the IAEA's offer to provide fuel for the Tehran Research Reactor (TRR) and live up to its NPT and IAEA commitments more generally, and they will tell Ahmadinejad that. They were aware of the situation with three detained Amcits and believe their release would be a good gesture on the GOI's part. Post believes it likely that Brazilian officials will follow through on all of these issues in private, but expects that public statements by President Lula and others will focus on Iran's rights and the positive aspects of the bilateral relations, and that any provocative public statements by Ahmadinejad will likely go unanswered. End summary.

- - - Iran-Brazil Relations Growing as Brazil Becomes More
Active in the Middle East - - -

¶2. (C) The CDA asked U/S Jaguaribe, who was joined by Brazilian Ambassador to Iran Antonio Salgado, what Brazil hoped to get out of the upcoming visit, and what they thought Iran hoped to get out of it. Jaguaribe described it as the "natural evolution of a consolidating relationship," as Iran and Brazil have common interests in trade and global affairs. He said that Brazil is "keen to find mechanisms to expand trade," asserting that Iran's trade with Brazil is far

smaller than Iran,s trade with China, Germany, France, the UK, and others. On the political side, he believed Brazil had an advantage over the United States and others in dealing with Iran because of the mistrust affecting many bilateral relationships. Jaguaribe said he believes Iran sees Brazil as bringing it "credibility." For Brazil, credibility was not a factor; rather, the relationship risked damaging Brazil,s credibility, he said, but Brazil needed to stick to its principles of engaging with all countries. Jaguaribe also thought that Iran likes dealing with a country that has an "independent foreign policy" and that it seeks to cultivate Brazil as a trade partner. Both sides, he said, believe that there is clear commercial potential that has not been tapped, although he stressed once that Brazil would not trade in "sensitive" areas.

13. (C) Asked the same question about the visit, Biato stepped back, saying, "The situation in the Middle East is one with which Brazil has increasingly to do," as it seeks to be more active in global governance. "We have something to say, and we will say it." Brazil,s more active stance would include officials "coming from and going" to the region. (Note: The Israeli and Palestinian presidents also visited Brazil this month, and President Lula is likely to visit Israel, Palestine, and Iran early in 2010. End note.) At the same time, Brazil is committed to "not taking sides, even if we have our own perceptions" of the issues in the Middle East. Biato said that Brazil "wants to be an active trading partner" of Iran, and is looking at possibilities in oil, agriculture, and biofuels. The two countries have already exchanged trade missions and Brazil is looking into helping Iran on export finance.

- - - Engagement a Must despite Concerns, Respect for

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Sanctions a Must despite Skepticism - - -

14. (C) Jaguaribe said that that Brazil has "misgivings" about Iran,s behavior, and Biato said that Iran "has to make amends for a series of missteps" and "can,t expect to be treated as a full and equal partner until it comes clean." Biato stressed that "Iran has certain basic rights" -- the right to peaceful use of nuclear technology is key -- but has to cooperate with the international community. At the same time, Jaguaribe, Salgado, Biato, and Patriota were unanimous in stressing that dialogue and engagement with Iran offer the best hope for positive results and that isolation is not an option. "Our conversations can be beneficial for all," Jaguaribe said, "especially for the United States." Acknowledging that Brazil,s approach was different from that of the United States and others, Biato likewise felt that "we need to bring Iran out of the corner" and that "talking threats" won,t work. Salgado, who has been in Tehran almost a year, described Iran as "a vibrant and dynamic society" that is "in the process of change." Although "we don,t know when it will happen," Salgado was concerned that increasing the pressure on Iran could be counter-productive, as it would benefit the hard-liners in Iran. Continuity of engagement is a critical factor to the internal dynamic in Iran, he said. Biato made a similar statement, saying that their exchange of trade missions is a significant element in Brazil,s policy of engagement.

15. (C) With regard to Ahmadinejad,s visit, Biato stressed that the timing was "neither here nor there." Brazil,s interest is "not sudden," as demonstrated by the canceled Ahmadinejad visit in May and various other lower level visits. The fact that Ahmadinejad rescheduled the visit "suggests they believe Brazil has something to offer." Biato said that Brazil,s stance would be low-key in public, as always. He noted, for example, that many wanted Brazil to take a strong public stance against Israeli settlements during President Peres, November 11 visit, but Lula had not done so. Brazil sees the visit itself as an important acknowledgement that Brazil has a role to play on the issue,

but the GOB will be "cautious and prudent" in its public statements. The CDA stressed that it was important Iran not leave Brazil thinking that they had been given a pass on their behavior. Biato responded that just indicating an understanding of Iran,s concerns "won,t alter the balance" between Iran and the other key players.

¶6. (C) Jaguaribe, Biato, and Patriota were skeptical regarding the value of sanctions, while stressing that Brazil would fully implement all UNSC sanctions. As already noted, Jaguaribe stressed more than once that, despite the interest in developing commercial relations, Brazil would avoid trade in "sensitive" areas; Biato said that both Iran and Pakistan had offered to work with Brazil on nuclear matters, but Brazil had declined. "There is no question whatsoever," Jaguaribe said, that Brazil would "fully comply" with UNSC sanctions, "even where Brazil might not agree." Biato stressed that "we will take relations forward in a very transparent way," within the limits of the UN sanctions regime. "The letter of the law will be respected," he said, "not more or less." With regard to additional measures, Biato said that Brazil does not see Iran "at a point that sanctions or other actions are necessary."

- - - Iran Should Take Up the TRR Offer - - -

¶7. (C) Jaguaribe described the offer on the TRR as a "good offer," "intelligent," "clever," one that is "face-saving for both sides." Iran should take it, he said, and Brazil will tell Ahmadinejad that. He added that FM Amorim has already spoken to Iranian FM Mottaki about and other Iranian authorities about it. He believed that Brazil would be ready to join with other non-aligned countries in a statement supporting such an agreement. He added that a particularly positive aspect of the offer was the "tacit acceptance" of continuing enrichment within Iran.

¶8. (C) Jaguaribe thought it was a positive sign that the GOI took the offer back to Iran, and was not surprised no

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response had yet been received: "It is going to be a lengthy process," he said. Citing "growing pressure" in the United States and a "complex society" in Iran, Jaguaribe worried that, "Both sides have major figures as potential saboteurs" of an agreement. He noted that Ahmadinejad seems most disposed among Iranian leaders to accept it, while others have criticized the offer as "capitulation." Biato also warned that the domestic political dynamic in Iran is complicated and that "this is one of two or three issues that cut across all sectors of Iranian society" and is "a lifeline for the government."

¶9. (C) Jaguaribe saw the need for "tenacity and audacity" on both sides to reach agreement. He asked what bearing acceptance of the TRR offer would have on U.S. sanctions. Saying it was too early to discuss that, CDA stressed that the USG had already been audacious in backing the TRR offer, and that dialogue requires more than a U.S. willingness to engage. Jaguaribe responded that the GOI sees the offer "as a minor step" and is "disconcerted" by comments from the U.S. Vice President and Secretary of State, which they see as sending a "mixed signal" regarding U.S. intentions.

¶10. (C) At the same time, Jaguaribe said he believed that the GOI had "legitimate concerns" that the agreement might not be followed, based on its past experience (he referred specifically to French actions with regard to Iranian investments). Jaguaribe felt that there were many points to be cleared up. Regarding, IAEA compliance, he asserted that there were "clear grounds for controversy" regarding Iran,s compliance, insisting that Iran had complied with every demand, except to address alleged reports to which it had no access. The GOI claims to be abiding by its commitments regarding nuclear materials, he said, and there is "no evidence" of deviation of any such materials. In

Jaguaribe,s view, Iran,s objective is to develop the capability to build weapons, but not actually to do so. He noted that Iran is "surrounded by four nuclear powers" -- Russia, Pakistan, India, and Israel -- and suggested that Iran,s concern is, therefore, understandable.

- - - Human Rights Important; Iran Should Release Amcit Detainees - - -

¶11. (C) The CDA raised human rights issues with Biato and Jaguaribe, stressing the situation had deteriorated markedly. Jaguaribe said that the Brazilian Jewish, Baha,i and GLBT communities had approached the GOB regarding problems there, and that "we are addressing human rights in many ways." President Lula has "spoken frankly" to Ahmadinejad and is committed to addressing all the human rights issues, particularly about his denial of the holocaust, but will not make public declarations. The holocaust denial was important, Jaguaribe said, both because of Brazil,s influential Jewish community and because Brazil sees it as providing an excuse to "demonize" Ahmadinejad. Biato said that, as with Cuba, Brazil raises human rights concerns in private, as they believe raising them publicly is always ineffective. "We do make these issues clear, and we do bring them up," he said, citing the Baha,i issue in particular. Salgado said that many were saying the repression after the elections was "brutal." But he also suggested that external pressure on Iran can make the human rights situation worse, as it gives the government an excuse for additional repression. The CDA raised the pending UNGA Third Committee no-action and substantive votes on Iran with Jaguaribe and Biato, asking them to vote against the former and in favor of the latter. Both said they were not following it, but would look into Brazil,s position. (Note: UN votes are handled by U/S for Political Affairs I Vera Machado, who was returning from Washington, but post had already raised the issue with her key deputies. End note.)

¶12. (SBU) The CDA raised the case of the three Amcit detainees with Biato and Jaguaribe, who were both aware of the issue. (Note: Jaguaribe and Salgado said papers had reported the three had been charged with espionage, contrary to the information in ref A. End note.) Jaguaribe thought that releasing them would be "a good signal from Iran outside

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the nuclear area."

- - - Iran-U.S. Relations Are Key - - -

¶13. (C) Jaguaribe stressed that "it is not good for the world that Iran does not have relations with the United States," and that bilateral U.S.-Iran discussions are more important than the ongoing multilateral talks: "The United States is key." The CDA stated that the United States has demonstrated a commitment at the highest levels to engage Iran, but Iran needs to respond. Jaguaribe said he had been telling the Iranians that "the United States is prepared to take important steps," which he said the Turkish president has also told them. But he said there was a "deep mistrust" of the United States and other Western countries*particularly the United Kingdom.

¶14. (C) SG Patriota, just back from a trip to Washington, said that Brazil is pleased the United States is engaging Iran. In response to the CDA raising the issue, he stated that "no one (in the executive) had ever mentioned any disquiet" on Iran. To the contrary, according to Patriota, when Presidents Obama and Lula had spoken at the G-20 in September, with Patriota present, President Obama had told Lula that "I think it,s positive you are talking to them." Lula has consistently demonstrated "wisdom" in international affairs and a willingness to take risks, and is putting both to use with Iran out a belief that it is in no one,s interest for Iran to be isolated. In his meetings the previous week, Patriota had heard no disapproval of Brazil,s

dialogue with Iran, only concern with conveying the right message with regard to Iran,s nuclear program. Patriota said that Brazil was committed to seeing Iran have a peaceful nuclear program.

- - - Comment: Brazil,s Public Remarks, Private Discussions Likely to Differ Significantly - - -

¶15. (C) Post believes it likely that Brazilian officials, including Lula, will follow through on all of these issues in private, encouraging Iran to engage seriously, to take the TRR offer, to improve its human rights, and to release USG Amcits. We also expect that public statements by President Lula and others will avoid pressing Iran on any of these issues. When confronted with the possible disconnect between public and private statements, Biato suggested we should read Brazil,s official statements (and not, by implication, listen to what Lula says in his press conferences). "Our position is clear." The man who blamed "blue-eyed white people" for the global financial crisis while standing next to UK PM Gordon Brown takes only general guidance from Brazil,s MRE and foreign policy advisors. But if his statements are unpredictable and sometimes quirky, they are also calculated; he made the "blue-eyed white people" comment three more times despite the negative international reaction.

Lula, and GOB foreign policymakers more generally, are basking in the international attention Brazil is getting from a growing succession of international leaders. They are intent on cultivating a broad range of relations with other emerging powers, while avoiding enunciating potentially controversial positions or being publicly confrontational where they believe they can play a role in mediating difficult global issues. As a result, Brazilian public statements during Ahmadinejad,s visit are likely to focus on Iran,s rights and the positive aspects of the bilateral relations, and any provocative public statements by Ahmadinejad will likely go unanswered.

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